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ABSTRACT

To assess the impact of the Job Training Partnership Act (JTPA) on youth employment and training, an examination of its implementation in New York City was undertaken. This study focused on the training, educational, and support activities in the local JTPA during the program's first year (1984-5), with special attention paid to the effects of major aspects of JTPA, such as: funding limitations; type of services and restrictions on allowable expenditures; performance standards; and links with educational and social services. Most of the study data came from a series of interviews conducted with 31 of the agencies (serving 79% of all of the 16 to 21 year old participants) funded by the New York City Department of Employment (DOE) to provide youth employment and training activities, and from summary statistics provided by DOE. Overall, it was found that DOE has managed its limited resources under JTPA very effectively, especially considering the serious constraints on services built into the legislation, and in comparison with the results from other Service Delivery Areas around the country. The outstanding exception to DOE's performance record has been its failure to meet its goals to serve some of the highest-risk populations of youth: welfare recipients, dropouts, teenagers and young men unprepared for classroom training. To make its JTPA programs more effective, DOE should: (1) institute needs-based payments rather than across-the-board equal stipends; (2) expand funds for remedial programs; (3) develop alternative youth competencies as performance measures; (4) provide incentive payments to programs serving those most at risk; and (5) expand work experience and other one-the-job training programs. (KH)

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THE FEDERAL RESPONSE TO YOUTH UNEMPLOYMENT: TOO LITTLE FOR TOO FEW

A Report on the Effects of the Job Training Partnership Act on Youth Employment Programs in New York City, 1984

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A Report on the Effects of the Job Training Partnership Act
on Youth Employment Programs in
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by

INTERFACE

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SUMMARY

The problems of youth unemployment have been the target of research and demonstration projects for almost twenty years. Yet for all of the information that this activity has yielded, jobless rates among young people remain virtually undiminished and impervious even to general economic upturns, especially for minorities. Although estimates vary, the unemployment rate for teenagers in New York City hovers close to 40 percent and exceeds 50 percent for minority youths. Furthermore, the labor force participation rate in New York City, which better captures discouraged workers, is less than half the national average.

On October 13, 1982, President Reagan signed the Job Training Partnership Act into law and a year later it went into effect. JTPA represents the major federal weapon in the battle to solve youth employment problems today.

To assess its impact on youth employment and training, INTERFACE undertook a careful and lengthy examination of the implementation of JTPA in New York City. We focused on the effects of major aspects of JTPA such as:

- funding limitations;
- types of services and restrictions on allowable expenditures;
- performance standards; and
- links with educational and social services.

Of major concern was the extent to which JTPA would target its resources to those young people who are less at-risk and more likely

to succeed. It was feared that the high-risk youths -- dropouts, foster youth, ex-offenders, teen parents, etc. -- requiring substantial public assistance in order to address short and long term labor market disadvantages would be underserved or unserved by the new system.

This report focuses on the training, educational and support activities in the local JTPA system during the program's first year. We looked at which youth were enrolled in training and how they fared; how the CBO network of training providers was affected by the changes in the system; the results of the emphasis on coordination with related services; and what efforts were made to insure that the most at-risk were served.

Findings

The examination of the local JTPA system took place over the course of 13 months in 1984-5. Most of our data come from a series of interviews conducted with 31 of the agencies (serving 79 percent of all the 16 to 21 year old participants) funded by the New York City Department of Employment (DOE) to provide youth employment and training activities and from summary statistics provided by DOE. The information we have collected provides, we believe, a telling picture of the scope and nature of the local system.

Overall, we have found that DOE has managed its limited resources under JTPA very effectively, especially considering the serious constraints on services built into the legislation, and also especially in comparison with the results from other Service

Delivery Areas around the country. The outstanding exception to DOE's performance record has been its failure to meet its goals to serve some of the highest-risk populations of youth: welfare recipients, drop-outs, teen-agers, and young men unprepared for classroom training particularly in clerical skills. This is partially due to the high performance standards, low funding levels and limited service modalities that JTPA itself imposed upon service providers. However it is also partially a result of DOE's own failure to take advantage of some flexibility in the legislation that would have allowed CBOs to better meet the needs of the most disadvantaged young people.

The specific findings are as follows:

- A report by Grinker, Walker and Associates on the results of the first round of JTPA programs in FY 1984 nationwide indicates that only 3.7 percent of the total youths and adults eligible nationwide will be served.

- A large majority of SDAs in the country are not meeting the requirement to spend 40 percent of their funds on youth, are not meeting goals to serve high-risk youth, and are not spending the full number of targeted dollars for remediation and support services.

- Nationally, service providers report the following reasons for their failure to serve the highest-risk youth groups:
  1. the lack of sufficient funds for extensive, long-term services;
  2. the emphasis on low-cost, faster placements;
  3. the short duration of assistance (averaging 8.2 weeks rather than the planned 22 weeks);
  4. low spending on supportive services;
  5. poor linkages to educational systems;
  6. fear of audits and disallowances causing extensive efforts to meet required placement levels and cost requirements.

- Out of an estimated eligible population of 232,615 youths 16-21 in New York City in FY 1984-5, JTPA programs have funds to serve less than 13,000 or only 5.5 percent of those eligible.

- During FY 1984, 42 percent of DOE's actual expenditures went to youth, exceeding the federal requirement as adjusted for the New York City Service Delivery Area, by almost 6 percentage points. Youth make up only 17 percent of the JTPA eligible populaton; therefore, DOE actual services to youth exceeded their share of the JTPA eligible population.

- In its first nine months, DOE exceeded most of its performance standards for youth. Actual placements, positive terminations and costs per positive termination were better than the planned levels, including direct placements without additional training. In fact its success in these areas qualified DOE for over $2.7 million in incentive money from the State.

- Almost 90 percent of the youth placed by the Youth Division achieved at least 30 days retention in the job. Almost 100 percent of the placements occurred in the private sector.

- Local providers cite the following reasons for their inability to effectively serve high-risk youth groups:
  1. the short duration of the training;
  2. the lack of adequate remedial services;
  3. the emphasis on classroom training;
  4. the lack of stipends;
  5. the lack of ancillary support services;
  6. the limits on administrative costs;
  7. the emphasis on low-cost placements;
  8. the lack of work experience.

- A comparison of the FY 1984 JTPA training participants, 16 to 21 years of age, and the participants in the FY 1983 Consolidated Youth Employment Program under CETA shows the JTPA participants to be <u>older</u> and <u>more educated</u>. Youth aged 20-21 make up 42 percent of the FY 1984 participants, 12 percentage points higher than FY 1983 figures. Where only 28 percent of the FY 1983 participants had attained at least a high school degree or its equivalent, in FY 1984 under JTPA fully half of the youth already possessed those academic credentials.

- The percentage of welfare recipients (30%), dropouts (44%), and 16 to 19 year-olds (58%) served fell 17 to 27 percent short of goals, while the percentage of females served (57%), exceeded expectations.

- Providers report having to screen large numbers of applicants in order to enroll participants who were eligible and adequately motivated to succeed. The ratio of recruitees to actual enrollees ranges averaged about

4:1. By the end of the first funding period, only 41 percent of the youth programs had met or exceeded their enrollment goals for training programs. Little over half of those or twenty percent of all who provided data had reached their goals for terminations as of that date.

- Classroom training was the predominant training mode, absorbing 90 percent of the funds. DOE limited work experience training to five local youth providers, and on-the-job training was utilized by only a few providers.

- Providers have had difficulty recruiting males to training programs. They report that young men preferred work to training and for that reason, many of their direct placements were male. In light of this, it is interesting to note that nationally, 72 percent of the dropout youths in JTPA programs are in work experience programs.

- Only 13 percent of the occupational training offered by the youth training programs is non-clerical. The emphasis on training in clerical areas which, in some instances, resulted in female enrollment exceeding 75 percent, relates primarily to the current trends in the local labor market, but excludes those with low reading levels and males.

- Providers have indicated that the limits on the amount that can be spent on support services and the difficulties coordinating those services that are provided by referral have made it more difficult to serve the most disadvantaged, many of whom are members of the populations who are supposed to be targeted for services.

- Youths seeking entrance into DOE training programs generally must read and/or compute between the 7th and 8th grade levels. Most of the youth not accepted into the training programs are screened out primarily because of the basic skills deficiencies. The linkage to education programs is supposed to correct for some of that problem. However, there was little coordination on the state or local level, resulting in significant delays in payments to providers, referrals, and services.

- DOE has not taken advantage of opportunities to serve the needy that are allowed by law, such as needs-based payments, alternative youth competency goals, the use of incentive payments for programs serving thosemost at-risk, and increasing the funds available for remedial education programs.

- Subsequent to this analysis, DOE lowered performance standards for CBOs serving the most disadvantaged populations. This is a positive step to encourage providers to devote funds and services to the truly needy.

- DOE's portfolio of providers underwent significant change as a result of the new federal program, resulting in fewer providers many with larger contracts. Funding decisions were not finalized until September, which led to delays in getting the entire local system on line.

- In addition to limits on support service expenditures, contractors operate with an administrative expenditure ceiling of 8 percent of the total budget, forcing them to reallocate personnel and resources. Those reallocations often reduced program effectiveness and managerial efficiency.

  Local providers and local, state, and national SDA officials indicated that providers generally need to allocate at a minimum between 15 and 20 percent of their budget for administration. Sixty-one percent of the CBOs surveyed identified the limits on administrative monies as a problem which was handicapping their ability to serve clients.

- DOE's experiment with performance-based contracting was deemed successful. Beginning in the second fiscal year the majority of the contracts will be performance-based. However, while providing greater flexibility in services, performance-based activities contracts may provide further incentives for "creaming" -- serving only those most job-ready -- unless they are carefully designed and monitored.

Recommendations

The outcome of the national and local experience with JTPA substantiates early claims that the legislation does not enable the most severely distressed youths to participate in JTPA funded programs, to improve their basic skills, obtain occupational skills or secure jobs. Many have argued that flexible and multi-dimensional programs are simply not allowable under the legislation given, among other things, the stress on placement, the present funding levels and the demanding performance criteria.

This is despite the evidence that expenditures on the most needy in well-designed comprehensive programs involving basic, cognitive and occupational skills development often reap the highest returns in terms of future savings to the government to support those who would otherwise be chronically unemployed. That group of youth, primarily minority and low-income, face severe and potentially long-term labor market problems. This is in part because their level of basic skills (literacy and computational ability) preclude them from achieving in occupational skills or on-the-job training programs. Such programs may always be closed to them until their basic skills are improved.

Therefore, while we must continue to press for a more adequate response to the crisis in youth unemployment from the federal government, we cannot be content to wait for that to happen while countless young people become discouraged and enter a cycle of unemployment and poverty that becomes increasingly hard to escape as they grow older.

New York City must develop its own youth employment policy and programs that will fill the gaps that JTPA neglects. It must develop programs for in-school and out-of-school youths with low basic skills abilities. It must emphasize paid or stipended work experience and on-the-job training along with intensive remediation in order to meet the needs of the highest risk youth.

Beyond this effort, there are actions that the Department of Employment (DOE) could take to make its JTPA programs more effective. DOE should:

1. Institute needs-based payments rather than across-the-board equal stipends.

2. Expand funds for remedial programs.

3. Develop alternative youth competencies as performance measures.

4. Provide incentive payments to programs serving those most at-risk.

5. Expand work experience and on-the-job training programs.

The city can assist in job training efforts by linking its economic development efforts with employment policies. For example, that recipients of tax abatements, subsidized loans and other development incentives could be required to provide jobs, on-the-job training or work experience for New York youths.

Unemployed youths, in addition to being individual tragedies, represent a huge present and potential drain on the city's resources. A comprehensive, aggressive youth job policy now could avert huge costs in the future.

Introduction

The Job Training Partnership Act (JTPA) passed by Congress and signed into law in October 1982 has replaced the Comprehensive Employment and Training Act (CETA) as the primary federal employment and training legislation. It makes the most substantial changes in the employment system in nearly a decade, and continues a federal commitment to employment and training that began with the Area Redevelopment Act of 1961, was formalized under the Manpower Development and Training Act (MDTA), and continued under the Comprehensive Employment and Training Act (CETA). Its goals are to assist youth and unskilled adults to enter the labor force and to provide dislocated workers with new skills to obtain regular employment.

The Act maintains some federal commitment while upholding New Right ideology which seeks to minimize the federal role in promoting and maintaining social welfare institutions and to lodge it, instead, with state governments and the private sector. These goals are not necessarily detrimental to serving the most disadvantaged clients. However, when combined with pressure for low-cost, short-term services, increased local autonomy without clear policy guidance from the federal government, and decreased funding, the employment and training system may be prevented from providing the kind of assistance that the most severely distressed need in order to enter and remain part of the permanent labor market. Levitan and Johnson in Beyond the Safety Net state this view clearly:

> "Driven by ideology rather than prior experience and current needs, the Reagan administration's employment and training initiatives appear certain to provide minimal assistance to the most advantaged among the eligible unemployed while ignoring the pressing needs of the least fortunate." *

This report examines how youth in New York City and the organizations providing employment and training to them have fared so far under JTPA. The report's content is gleaned from meetings, telephone interviews with and surveys of staff from the youth serving agencies under contract with the New York City Department of Employment (DOE), a random sample of DOE's adult training agencies, members of the State Job Training Coordinating Council, staff from the New York City Department of Employment, the New York City Private Industry Council, representatives of the New York State Department of Labor and the United States Department of Labor, and member agencies of the National Youth Employment Coalition. (See Appendix for Methodology.) INTERFACE's testimony on the status of youth employment before the National League of Cities, Congress and New York State Job Training Coordinating Council and youth employment forums in Albany, Washington, D.C. and Philadelphia have also contributed to and benefitted from this analysis.

JTPA has brought many changes and new challenges to the employment and training system. State control of employment dollars in addition to control over economic development, education and social service funds offers new opportunities to create effective program-

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* Sar Levitan and Clifford M. Johnson, Beyond the Safety Net (Cambridge: Ballinger, 1984), p. 167.

ming. In many cities across the country, private corporations, proprietary schools, and community colleges have begun providing federally funded employment training.

On the other hand, the reduction in employment and training funds has closed many community-based organizations (CBOs) and drastically altered the role that the remaining CBOs have in determining employment and training policy on the local level. Instead of providing remediation and cognitive skill development themselves, as they did in the past, many CBOs are relying on referrals to separate educational programs funded under a special JTPA set-aside fund and non-JTPA funded educational agencies.

As this report will demonstrate, at least in New York City, the services to the most severely distressed young people (e.g., teen parents, high school dropouts, adjudicated youth, foster children, etc.) does not match the need either in terms of the number of eligible youth in the population being served or in the quantity and quality of the services that they receive. Admittedly, these same charges had been leveled against CETA. However, one would have hoped that the wealth of evidence from CETA on "what works best and for whom" would have guided the development of the succeeding legislation. That seems not to have been the case.

Still, JTPA has its good points. The local autonomy that it prescribes, the flexibility that it offers, the allowance for youth competencies as additional performance measures, the use of performance-based contracting, the linkages to education, social services and economic development, if used creatively by state and local

officials in tandem with local providers, could allow providers to create multi-dimensional comprehensive approaches to serving youth.

Because it is new legislation, many effects remain uncertain. The Department of Labor is still releasing policy clarification. State and Service Delivery Area (SDA) officials are still moving cautiously, fearful of audit exceptions. Some have argued that, despite its problems, it may be too early to tamper with the legislation. Nevertheless, the failure to deal with the most at-risk, or to make use of the lessons from successful national and local demonstrations must be addressed. Until such time as the lessons about what works guide employment policy, rather than current ideology, whether conservative or liberal, a comprehensive employment and training strategy will be, in the words of author Langston Hughes and later used by Sar Levitan, "a dream deferred."

I. Overview of JTPA - The National Scene

1. Description of the Act

There are five major sections of the Job Training Partnership Act:

a. Title I, Job Training Partnership -- establishes implementation procedures, administrative provisions, monitoring and recordkeeping requirements;

b. Title II, Training Services for the Disadvantaged -- governs most of the basic training, counseling, and work experience programs for youth and adults;

c. Title III, Employment and Training Assistance for Dislocated Workers -- additional assistance for those areas hit by severe economic crisis (e.g. plant closings);

d. Title IV, Federally Administered Programs --- programs most suited to national administration (e.g. Job Corps, Veteran's programs, etc.); and

e. Title V contains miscellaneous provisions including amendments to the Wagner Peyser Act.

State Role

The Act introduces increased state control, local autonomy and decreased federal scrutiny to the federally funded employment and training system. It shifts to the state level many of the functions that were previously performed centrally by the U.S. Department of Labor's Employment and Training Administration. The list of these activities includes fiscal oversight, evaluation, program design and the collection and dissemination of program performance criteria.

The decision to reduce the degree of federal oversight and to increase state control and authority is consistent with President Reagan's "New Federalism" concept. Developers of the Act believed that increasing the states' responsibility over the system would

reduce the distance between the problems of the unemployed, the employment training service providers and the source of administration and oversight. This, they believed, would make the system much more flexible and responsive to the needs of states, local providers and clients.

Under the JTPA, each state is required to establish a State Job Training Coordinating Council and local Private Industry Councils, their functions to be explained shortly. The governors' responsibilities include designating service delivery areas (SDAs), approving local service delivery plans, monitoring and auditing local programs and developing the Governor's Coordination and Special Services Plan. This plan is to be prepared biennially describing how the state's JTPA funds are to be used and evaluating prior program activities.

In establishing the coordinating plan, the governor establishes the criteria for coordinating JTPA with the activities of other state and local agencies that may "...have a direct interest in employment and training and human resource utilization within the state." Among the possible agencies are those involved in education, social services and economic development.

Private Sector

The Act also attempts to create a meaningful partnership between local government and the private sector. In New York City this partnership is represented by the mayor and the Private Industry Council (PIC). Each Service Delivery Area (SDA) must have a PIC whose chairman and a majority of the members are from the

private sector. The PIC's responsibilities include providing policy guidance for and overseeing the employment training programs in partnership with local government. PICs are full participants in the development and implementation of each SDA's training programs.

On the state level, the partnership is represented by the State Job Training Coordinating Council, one-third of whose membership must be from the private sector. On both the state and the local levels, the private sector is now an equal partner with the public sector. It is hoped that the equal footing will lead to the development of training activities linked directly to local economic development activities which will provide employment and training opportunities to the long-term unemployed, dislocated workers and others.

Training

One of the biggest changes under the Act is the mandate that at least 70 percent of the program funds available to the SDA must be spent on training. This compares with estimates of actual training expenditures of 18 percent or so under CETA. The remaining 30 percent is available for administrative expenses, supportive services and certain work experience expenditures. The drafters of the Act saw this as a necessary correction for some of the failures of CETA. The system would now move from one emphasizing income maintenance to one emphasizing training for private sector employment. However, the value of work experience as an effective training mode was generally overlooked.

Youth

Youth serving agencies benefit from the JTPA mandate that at least 40 percent of each SDA's Title IIA allotment of funds available for employment training be expended on eligible youth (16-21).* The period of time for compliance is the two year period of the plan. The law has been interpreted to mean that 40 percent of the participants be youth (rather than 40 percent of the funds be spent on youth) unless a change is merited. Eligible high school dropouts and persons receiving Aid to Families with Dependent Children (AFDC) who are able to work must be served equitably, according to the percentage of economically disadvantaged persons 16 years of age or older in the SDA that they represent. It should be emphasized that the 40 percent requirement can be changed to account for adjustments permitted by the law, when the ratio of eligible youth to adults in the SDA differs from the national ratio.

Performance Standards

Another significant change is the Act's emphasis on job training as an investment in human capital and the need for developing criteria for measuring the "return on investment." The introduction of performance criteria in employment and training is not totally new. Some CETA prime sponsors utilized it, though its use

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* It is reported that many SDAs and states are having difficulty expending the 40 percent for youth and may push for legislative changes to reduce that requirement.

was not system-wide. Section 106 of the Act specifies as outcomes or performance standards: increased employment and earnings and reductions in welfare dependency. The emphasis on the use of performance standards is bolstered by two incentives: first, successful job placement is a basis for continued funding; second, six percent of the state allotment is available for incentive payments to SDAs that exceed performance standards or that are willing to serve specified "hard-to-serve" populations.

The emphasis on performance standards is related to two failings of many CETA funded programs. First, their failure to match their training programs with demand occupations in local areas; second, the lack of transferability between many of the skills developed by participants in the public sector employment components and the skills required in the private sector. While it is undeniable that the "return on investment" approach will provide for greater accountability among service providers, without successful negotiations between service providers and SDA officials, these performance standards will promote "creaming," a charge also frequently leveled against CETA. ("Creaming" refers to the process of selecting as clients those persons who are least disadvantaged and most likely to succeed from among those eligible.)

Allowable Activities

Section 204 of the Act defines the allowable activities and services. The Act provides a great deal of management and program design flexibility. The following activities are allowable under

the Act, but might not be part of a particular Governor's or SDA's plan and therefore not a part of local programming:

1. Pre-Program - Includes specialized labor market studies, employment generating and marketing activities.

2. Outreach/Intake - Activities to inform the public about and encourage the use of the program. Identify eligibility requirements and the services which will be available to participants and employers.

3. Pre-Vocational Skills Preparation - Those activities through which employability skills will be achieved.

4. Job Exploration and Experiences - Activities including world of work programming, work experience, and vocational exploration, each of which provides exposure to the working world.

5. Education - These may include remedial education, basic skills training, literacy and bilingual education, GED preparation, etc.

6. Occupational Training - Focussed on demand occupations in the local SDA and within areas to which participants are willing to relocate. The activities can include skills training, on the job training, skills upgrading, retraining, on-site industry specific training, advanced career training, customized training, etc.

7. Transition - Activities focussed on assisting the job ready to enter the labor market and secure employment. These include job counseling, job search assistance, job clubs, school to work, etc.

8. Participant Support - Activities which enable individuals to enroll in JTPA sponsored programs. These include transportation, health care, meals, shelter, needsbased payments, etc.

9. Post-Program - Activities such as post-program follow-up and supportive services for participants placed into the permanent, unsubsidized labor force.

Summer Youth Employment Program

Funded under a separate allocation, Title IIB, SYEP allowable activities include:

- basic and remedial educational services;
- public/private sector work experiences; and
- supportive services.

Each SDA determines the service mix in its jurisdiction.

The program serves economically disadvantaged young people ages 14-21. It is important to note that SYEP does not fall under the provision requiring that 70 percent of the funds be used for training. Theoretically this allows the SYEP to provide not only structured, well-supervised work activities that encourage initiative and responsibility and build work skills, but also wages and many other services which may be necessary to help participants obtain and retain employment. It must be emphasized again, however, that each SDA determines the mix of services that it will provide, thus allowing the programs to be as enriched or as bare as the SDA chooses or is able to fund.

2. Who was the Act Intended to Serve?

According to Section 2 of the Act, its intention is "to prepare youth and unskilled adults for entry into the labor force and to afford job training to those economically disadvantaged individuals and other individuals facing serious barriers to employment." Section 141 states that:

> Each job training plan shall provide employment and training opportunities to those who can benefit from, and who are most in need of, such opportunities and shall make efforts to provide equitable services among substantial segments of the eligible population.

Herein lies the dilemma. "Those who can benefit from" short-term training without intensive remedial and support services are often not the same as "those who are most in need of" assistance. It is up to each SDA to determine who will be served. How they make that choice is determined by whether they feel that the labor supply needs of the private sector and the service needs of the most in need are compatible.

For some SDA officials and providers the question of who gets served is relatively easy to answer. Those chosen to participate are the most job ready, the most motivated and the best bets for placement. It is undeniable that they too need assistance. When the dollars are scarce hard choices have to be made, officials reason. The relatively small expenditures per person which JTPA requires will not significantly improve the long-term employability of the most disadvantaged. Therefore they choose not to include them into JTPA programming. Many have argued that flexible and multi-dimensional programs that would help the most severely disadvantaged youths are simply not allowable under the legislation given, among other things, the stress on placement, the present funding levels and the performance criteria.

Program Eligibility

Ninety percent of the persons who receive services under the JTPA in any SDA must meet at least one of the following criteria of economic disadvantage:

- member of a family receiving cash welfare payments;

- member of a family that is at the poverty level or 70 percent of the lower living standards;
- person receiving or a member of a family receiving food stamps;
- a foster child; or
- handicapped.*

Other program participants (limited to 10% of the total participants) may include individuals who are not economically disadvantaged but who nonetheless have other barriers to employment. Among them are school dropouts, offenders, teen parents, displaced homemakers, etc.** This would allow some of the "near poor" and other individuals to receive JTPA services. Importantly, unemployment status is no longer a criteria for eligibility as it was under CETA.

The U.S. Department of Labor has set very broad eligibility criteria. This has freed many of the governors to make them more specific (governors can also choose how to spend or target the funds for the 10% group). The flexibility of the system then allows local administrators to make them even more restrictive. At each point decision makers determine how funds will be expended

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* Mid-winter (1984) memo sent from USDOL to the governors stating that the states could define a handicapped youth as a family of one but the extent of local level implementation of this at the time of this writing was uncertain.

** Reports indicate that some SDAs are saving these funds to cover audit exceptions rather than using them to provide service to this population.

and who the eligibles are. These points are opportunities to reach out to all the eligibles or to cream. Creaming has been the choice most often selected.

Positive Outcomes

In order to determine the benefits of program participation, measures of performance for adults will be established by the Department of Labor based upon the following criteria:

- placement in unsubsidized employment;
- retention in unsubsidized employment;
- increase in earnings; and
- reductions in persons receiving cash welfare payments.

For youth, (individuals aged 16-21 under Title IIA; Title IIB includes youth 14-15 as well), DOL will determine performance based upon:

- job placement;
- return to or completion of school (major level of education);
- enrollment in other non-JTPA funded programs;
- enlistment in the military; and
- attainment of PIC recognized employment competencies.

National standards of performance were established by the Secretary and are based on the adjustments of performance figures under CETA (PY 1982). The performance figures may be adjusted by the governor using a regression analysis or other statistical model adopted by the state. Reports indicate that adjustments have not

been made in any large scale way though they have been made in New York State and New York City. (See pp. 26.)

The movement to establish and use youth competencies as acceptable performance standards is beginning to gain momentum. The USDOL was not in favor of youth competencies while JTPA was being developed. States generally devoted little time to developing them during the first-year planning activities. However, starting in July 1984 according to JTPA stipulations, the attainment of youth competencies would qualify as positive terminations though only in those jurisdictions where the local PIC has approved them. The New York City SDA has not yet developed nor approved such a competency system.

3. Funding

In 1981 CETA was funded at $9 billion.* For fiscal year 1984** JTPA was funded at $3.6 billion yet the size of the unemployed youth population is approximately equal to the size which precipitated the development of YEDPA in 1977. A report by Grinker, Walker and Associates*** indicates that only 3.7 percent of the total youths and adults eligible nationwide will be served.

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* The $9 billion CETA figure includes Public Service Employment, wages and other expenditures allocated earlier but not spent before 1981. A comparison of only CETA-funded classroom training activities and JTPA reflects a reduction (not accounting for inflation) of $.3 billion ($3.9 billion versus $3.6 billion)

** As a means of ensuring adequate time for program planning beginning with fiscal year 1985, JTPA is forward-funded on a July 1 to June 30 program year rather than on the standard federal fiscal year.

*** Grinker, Walker, et. al. "An Independent Sector Assesement of the Job Training Partnership Act, Phase I: Initial Plans and Operational Start-Up 1984."

Of that $3.6 billion, approximately $96 million of the funds came to New York State to be appropriated to the various SDAs during the nine months of the program year 1984. New York City will receive approximately $46 million of the funds. As previously mentioned, the Act specifies that 40 percent of the Title II funds available to an SDA must be spent on eligible youth unless an adjustment is warranted. (See p. 23 for further discussion.) In this SDA approximately $34.9 million is the planned allocation for youth 16-21 for the 21 month period. During the 9 month period $13 million out of $30.9 million was actually spent on youth. For eligible youth these allocations represent a reduction of 46 percent from 1981 CETA levels and a 25 percent annualized reduction from 1982, the last year of CETA.* (See pp. 24 for details of New York City funding and expenditures.)

4. First Year Results

The best picture of first-year results of the national JTPA experience comes from an analysis of 57 selected Service Delivery Areas (SDAs) conducted by Grinker, Walker Associates and others.** The study cites the failure to serve youths, especially drop-outs

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* Only 78 percent of the Title IIA funds are available for SDAs. The remaining 22 percent can be reserved for state efforts including: targeted training; technical assistance; statewide programs; etc.

** Independent Sector Round II Assessment of JTPA Programs, Grinker, Walker Associates, New York; and MDC., Inc.; Chapel Hill; and Syracuse Research Corp., Syracuse, in press, 1985 as cited in Jobs Watch Alert, December 19, 1985; and letter from the Roosevelt Centennial Youth Project, Washington, January 15, 1985.

and at-risk youths, as the program's greatest deficiency nationwide.

Preliminary results show that:

- Eighty percent of the SDAs surveyed are not meeting the legal requirement to spend 40 percent of their funds on youth.
- Fifty percent spent less than 60 percent of their youth funds.
- Only one-third spent [at least] 90 percent of their youth money.
- Seventy-five percent are not meeting their goals to serve drop-out youth; 70 percent reported having made no effort to recruit drop-outs. Of those programs that met youth enrollment goals, 45 percent of youth enrollees were in-school youths.
- Only 10 percent have set-up programs targeted for young people.
- Less than 10 percent said targeting those most in need was an important issue.
- Eighty-six percent were single component programs (i.e. they lacked comprehensive services and provided, for example, only classroom training or only work experience).
- Less than six percent of funds available for youth was spent on remedial education.
- Seventy percent spent less than 10 percent of their funds on supportive services (as opposed to the allowable 15 percent).

The "creaming" result was seen as the outgrowth of several factors:

1. the lack of sufficient funds for extensive, long-term services;
2. the emphasis on low-cost, faster placements;
3. the short duration of assistance (averaging 8.2 weeks rather than the planned 22 weeks);
4. low spending on supportive services;

5. poor linkages to educational systems;

6. fear of audits and disallowances causing extensive efforts to beat required placement levels and cost requirements.

5. JTPA Versus CETA - A Short Look at Major Differences

For all of the benefits which thousands of individuals and hundreds of communities accrued under it, CETA is still most often remembered solely for the abuses that occurred under the Public Service Employment (PSE) component. The JTPA was designed to counter all of CETA's actual and perceived deficiencies. The elimination of PSE addresses one major "deficiency."

Another deficiency is addressed by the requirement that 70 percent of JTPA funds be spent for direct training costs. A review of CETA data shows that the majority of CETA sponsors spent in excess of 45 percent of their funds on wages, stipends, supportive services and administration. Furthermore, conservatives were opposed to the concept of income maintenance as part of the employment and training system. The failure of the unemployment rate to decrease significantly as a result of job training activities, and the failure of PSE participants to successfully move, in large scale numbers, into the private sector also contributed to the pressure for change.

The USDOL has reported that during the JTPA's first quarter, the national expenditure on training barely exceeded the 70 percent level (71%) for Title IIA. More recent data indicates that the bulk of placements have occurred at costs below the $5,000 cost limits and at 10-15 percent above site planned goals.

A philosophical difference between CETA and JTPA is that the new system is performance driven. While the federal govermment could not mandate performance standards, they could and did provide general national measures.

Local SDAs have had difficulties meeting the $4.91/hour wage requirement for adults and the youth placement rates and "positive termination" requirements. Many SDA staff failed to realize that these national measures can be altered depending upon the local conditions. Such adjustments might have eliminated some of the difficulties.

The JTPA requires greater involvement of the private sector in the planning of employment training programs. Accountability now rests with the states, many of which have only recently completed building the capacity to deal with the administrative, fiscal and programmatic aspects related to the JTPA and local service delivery. At the same time that state legislatures are increasing their involvement with the federal employment training initiative, the governors are attempting to coordinate employment training with many of the economic development, human services and education activities that they are responsible for.

II. OVERVIEW OF THE NEW YORK CITY EXPERIENCE

1. Services

In New York City, JTPA funds are administered by the local Department of Employment. DOE sponsors classroom training, on-the-job training, work experience and direct placement services. These programs are provided primarily through a network of community-based organizations which, over the years, have developed the capacity to recruit, train and place the economically disadvantged. Through the Private Industry Council, DOE provides customized skills training to meet the demands of specific employer needs. Among the other providers with which DOE has worked are unions and both for-profit and not-for-profit and nonprofit agencies. Also local educational agencies (public and private) provide remediation activities and some skills training.

DOE's planning and training activities have responded to the city's move from goods-producing industries to service-producing industries. In fact, DOE has had considerable success in connecting disadvantaged people to the still-sizeable supply of low-skilled entry-level jobs beginning during the CETA years and continuing to the present day.

The Title IIA funds spent on youth programs were divided among four program assignments: classroom training; limited work experience; direct placement ("Services to Participants") and on the job training. Classroom training received the bulk of resources, almost 90 percent. The remainder was spent in the limited work

experience programs (5 providers) and youth OJT programs. In addition each provider was responsible for serving a population of job ready candidates and placing them directly into jobs (STPs).

DOE's Title IIA funds are used to provide services leading to post program placement into unsubsidized jobs or other "positive" outcomes, such as return to or advancement in education, enlistment into the military or advanced skills training.

Outreach, recruitment, pre-vocational training, work maturity and occupational skills training are the responsibility of the providers. The providers are also responsible for job development and placement and follow-up services. Eighty percent of participants must be placed in a job or other positive termination. For classroom training programs, this includes 60 percent in jobs at $4.02/hour and 20 percent other positive termination. For OJT and STP programs, 70 percent must be placed in jobs and 10 percent other positive terminations are allowed.

Some support services are also provided. Participant support utilizing JTPA dollars comes in the form of counseling and referral to external support agencies as well as allowances which cover lunch and carfare. The allowances may not exceed $30 per week. Participants in the work experience programs receive the minimum wage, and OJT participants receive the prevailing market wage, split evenly by the employer and JTPA. In addition, the local plan has included a request for a waiver of the support service cost ceiling to enable DOE to purchase day care slots from the Agency for Child Development.

Title IIB of the Summer Youth Employment Program provides employment and training assistance to young people 16-21 during the summer months. SDAs have the option (and the NYC SDA has exercised that option) to include 14 and 15 year old youth if they meet the other criteria. Title IIB allowable activities include: outreach and recruitment; employability assessment; basic and remedial education; pre-employment training; occupational counseling; work experience; institutional and on-the-job training; job search and job clubs; job referral and placement and those supportive services which are needed to enable eligible youth to participate.

The New York City SDA received a total of $24 million and $7 million supplemental for Title IIB for the first summer under JTPA, to run the nation's largest summer youth employment program. Approximately 74 organizations were involved providing almost 41,000 youth with eight-week summer work experiences. Reflecting the reduced funding for the SYEP program over the past several years, the numbers of participants has been declining. The reduction in NYC SYEP dollars from the previous summer was almost $2 million.

2. Youth Funding

The planned allocation of Title IIA funds for youth programs in this SDA for the 21 month period (10/83 - 6/85) is approximately $34.9 million. Out of an estimated eligible population of 232,615 youths 16-21 in FY 1984-85 (representing 17.2% of the entire JTPA eligible population), that funding is expected to serve 12,735

youngsters or only 5.5 percent of them during its first full year July 1984 to June 1985*.

During the nine-month period (10/83 - 6/84) $37.5 million Title IIA funds were allocated for this SDA. Of that total, the planned allocation for youth was approximately $16.5 million or 44 percent. Approximately $13.0 million or 42 percent of the $30.9 million Title IIA funds actually expended during that period went to youth. Title IIA Program year 1985 planned expenditures amount to $46 million with $18.4 million or 40 percent planned for youth. In total, approximately $50.3 million ($31.9 million of Title IIB funds combined with $18.4 million) is allocated for the 1984 program year. (See Chart A.)

3. Youths Served and Outcomes

The law stipulates that 40 percent of the available funds be spent on eligible youth, though this has been interpreted as meaning that 40 percent of the participants must be youths. Youths can be found in both DOE funded youth and adult training programs. For participants in the youth training division (Title IIA) an individual must be 16-21 years old. In the adult division individuals between the ages of 18 and 24 may be served and still qualify as youth.

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* Biennial Community Job Training Plan, Program Year 1984 and 1985, New York City Service Delivery Area, April 11, 1984.

CHART A

DEPARTMENT OF EMPLOYMENT: BUDGET AND PROGRAMS

JOB TRAINING PARTNERSHIP ACT, TITLE IIA

	Total $ Funds (millions)	Number Served	Funds for Youth (millions)	% For Youth Expendi-tures	# of Youth Served	% of Youth Served
FY 1984: (9 months) 10/1/83-6/30/84 A C T U A L	$30.9	27,111	$13.4	42%	9,679	36%
Fiscal Year 1985 (12 months) 7/1/84-6/30/85 P L A N N E D	$46.0	31,836	$18.4	40%	12,735	40%

JOB TRAINING PARTNERSHIP ACT, TITLE IIB - (SYEP)

	Total $ Funds (millions)	Number Served	Funds for Youth (millions)	% For Youth Expendi-tures	# of Youth Serve	% of Youth Served
Summer 1984 A C T U A L	$31.9	41,000	$31.9	100%	41,000	100%

JTPA-8/5

To the extent that the ratio of economically disadvantaged youth to disadvantaged adults in the SDA differs from the ratio of such individuals nationally, the amount which is required to be spent on youth can be adjusted. Some SDAs in New York State have percentages of youth service levels over 50 percent.* Adjustments of the required level of services to youth utilizing the Federal Adjustment Methodology indicate a state average of approximately 38.4 percent. In New York City, the youth requirement has been adjusted downward from 40 percent to 36.1 percent.

Despite the adjustment downward, DOE expenditures during the nine-month period on youth were almost 6 percentage points higher. The total expenditure enabled approximately 9,679 youth to participate in the Title IIA program during the initial nine-months. Of that number 9,117 or 94 percent were terminated from the program with over 5,800 (64%) of them entering into unsubsidized employment. Looking only at the youth programs we find that approximately 2,842 youth participated with 1,817 (62%) of them entering into unsubsidized employment. (See Chart B.)

The following are among the targeted groups to be served the according to the SDA plan:

- public assistance recipients;
- dropouts;
- handicapped;
- limited English speaking;
- foster care and homeless youth.

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* In some cases these high service levels are believed to reflect the number of off-campus college students residing in the SDA.

CHART B
FIRST NINE MONTH PLACEMENT AND POSITIVE TERMINATION RATES

MEASURE	NATIONAL STANDARDS	DOE PLANNED	DOE ACTUAL
Adults:			
Entered Employment Rate - numbers of adults who acquired jobs at the end of their program participation as of percentage of adult terminees	55%	50%	56%
Cost Per Entered Employment - total adult expenditures divided by the number of participants who entered employment	$5,704	$6,252	$2,078
Average Wage Per Placement	$4.91/hour	$5.07/hour	$4.75/hour
Welfare Entered Employment Rate - the number of welfare recipients who entered employment divided by the total number of terminees	39%	41%	50%
Youth:			
Entered Employment Rate	41%	46%	64%
Positive Termination Rate - number of youth who had a positive termination as a percentage of total youth terminated	82%	61%	67%
Cost Per Positive Termination - total expenditures for youth divided by the number of youth having a positive termination	$4,900	$5,002	$2,133

Chart C summarizes the youth goals established by the plan and the Participant Service Level Form and the first program year final participation rates.

CHART C

FIRST NINE MONTH PARTICIPATION RATES

Participants	Goals	Actual
Female	43%	57%
16-19 Year Olds	70%	58%
Blacks	57%	58%
Public Assistance Recipients	40%	30%
Dropouts	60.5%	44%

The goals were roughly equivalent to the FY 1983 breakdown of youth served by DOE under CETA's Consolidated Youth Employment Program.* As indicated above, there were three areas where divergence from the plan was at a noticeable level: dropouts, (27% below goal); welfare recipients (25% below goal); and 16-19 year olds (17% below goal). Youth in other categories, offenders, handicapped, etc. all obtained services under JTPA.** An interesting note is that almost 7,600 youthful participants were reported

* NYC SDA respresents a microcosm of the entire system in services to particular youth populations. Note the following JTPA system-wide youth figures. Males = 52 percent; 16-21 = 98 percent; High School Graduates = 42 percent.

** See Section on Special Populations.

to be long-term unemployed which means they had been unemployed for no less than 15 out of the prior 26 weeks before entering the program.

DOE statistics from the nine-month period indicate outcomes have exceeded planned goals for youths and adults in the following categories:

- in enrollment (+9%);
- placements in unsubsidized jobs (+36%);
- placement of graduates from skills training programs into unsubsidized jobs (+14%);
- total positive termination rates have increased, and cost per positive terminations were decreased.

This performance has enabled DOE to receive $2.7 million in incentive money from the State. For some observers of the system this is evidence that the difficult to serve are being reached. Those more critical feel that the opposite is true; that the only way city providers were able to perform so well was by choosing only the most job-ready participants, and because of the large number of direct placements. In fact, given the constraints of the legislation which encourage creaming, DOE has managed well.

It should also be noted that the performance standards, though they have been criticized as unrealistic for the most disadvantaged youths, are not significantly different from those under CETA, especially if the SDA avails itself of the alternative competency goals allowed under JTPA, which New York City has not done. Under CETA, 52 percent of the placements of young people in New York City were above minimum wage and almost 100 percent were in the private sector.

However, there are two noticeable differences in the participants between the first nine months of JTPA and the last year of CETA: DOE served older youths, more high school graduates and fewer dropouts.

Twenty and 21 year-olds make up 42 percent of the JTPA participants, 12 percentage points higher than the 1983 CETA participants.

The national statistics from the initial nine months of JTPA suggest that the population being served is also more educated than under CETA. Local statistics indicate the same thing. Where in FY 1983 only 28 percent of the New York City CYEP particpants possessed high school degrees or above, 50 percent of the FY 1984 participants had already attained those credentials. These statistics support the early claims from JTPA critics that the emphasis on training makes JTPA assistance more appropriate to clients with higher levels of basic skills. Some local providers believed that many of the high school graduates they encounter recently are more deficient in academic skills than their previous CETA clients had been and they also have severe needs. In any case, high school graduates, by virtue of having that credential, are undoubtedly easier to place.

Some providers pointed out that, while the same categories of youth were coming to them for services, (looking at age, ethnicity, family background, educational attainment, etc.), they needed to see more of them to enroll a training class. "Kids," they report, "want to work and not necessarily participate in classroom training." In light of this, it is interesting to note that nationally, 72 per-

cent of the dropout youths in JTPA programs partake in some form of work experience while in JTPA programs.

The youth participants are undeniably in need of assistance, but had some advantages. All were economically disadvantaged or fit the other eligibility spelled out under Section 203. However, most who enrolled were undeterred by the level of supportive services available or the lack of stipends. The participants also read and compute at levels required for entry into the JTPA-funded programs, 7th grade-9th grade reading and math proficiencies depending upon the training program. In the case of one clerical program in Queens and one in Manhattan, participants are also required to type at 25 W.P.M. In light of the absence of supportive services and stipends, the participants seemed extremely motivated (criteria which many providers view as the most important apart from income eligibility). They only needed or could obtain ancillary services of short duration and low intensity unless they were members of the special populations (offenders, foster care and teen parents, etc.), who the CBO's staff indicated needed significantly more assistance.

4. The Question of Creaming

From the time the JTPA legislation was first proposed and throughout its operation, critics have assailed it as insufficient to serve those most in need, and predicted that the most disadvantaged would be effectively eliminated from its programs.* Their

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* See the Grinker, Walker and Associates' analysis, Congressional oversight hearings on the implementation of the JTPA, the National Alliance of Business' Survey Report #1 on JTPA, and the Summary of JTPA Administrative Data From the JASR/JQSR Reporting System for the Transition Year.

reasoning is easy to understand. Several factors lead to this conclusion. First and foremost, the level of funding dictates that only a small portion of the eligible youth and adults can be served. In New York City only 3 percent are accounted for. What then, determines the selection of participants? First, there is some self-selection. Only those who are motivated apply. Also, only those who are willing or able to attend classes for up to six months with no income apply. In the case of mothers with young children, only those who can manage or afford day care apply. (More about this in Section III.)

Beyond this self-selection, critics charge that aspects of the legislation encourage providers to select the most able applicants either because 1) they believe that only the most able will be able to benefit from the limited services they can provide; or 2) they are fearful of not being able to meet their required "positive termination" outcomes or cost-per-placement goals. Providers cite the following factors as making the programs inappropriate for the neediest:

1. the lack of adequate remedial services;
2. the emphasis on classroom training;
3. the lack of stipends;
4. the lack of ancillary support services;
5. the limits on administrative costs;
6. the emphasis on low costs per participant;
7. the lack of work experience;
8. the short duration of the training;

Grinker, Walker have found nationally that JTPA programs have averaged 12.2 weeks in duration even though the planned duration was 20-21 weeks. DOE's training programs operate on 26 week cycles.

Still, DOE operates within the JTPA system which places a high premium on low cost training and fast placements. How proficient can someone become in 26 weeks, much less 12.2 weeks? How proficient can the economically distressed become in specific vocational skills training when the lower cost per placement accompanies lower per person expenditures on participant supplies and training materials? Providers will provide short term, low cost training for entry level jobs that require few skills, select only those most likely to make it in the job market and rely heavily on an employer network that has been cultivated through years of successful referrals. Sadly, the success of the system may be less related to the quality of training than to provider selection of "good candidates for placement" and previous success with employers.

Unfortunately, there is no requirement that providers keep records of how many young people are recruited to and interviewed for slots in the training programs. We can rely only on anecdotal information and what we have observed directly about how many young people must be seen before a class is enrolled. More accurate data would provide a better perspective on the level of need which exists and how responsive these programs are to those needs.

As best as can be uncovered the ratio of recruitees to actual enrollees ranges anywhere from 1.2:1 to 12.5:1, with an average of approximately four applicants for every enrollee. (See p. 49.) To enroll 100 youth in a class for example, program providers might have to interview 400 to find those with the requisite basic skills and motivation, and who meet the Planned Participant Survey require-

ments, income eligibility criteria, etc. One provider made it very clear in an interview when she said:

> The first year we ran a (CETA) employment program we took in anyone. We really thought that we were supposed to work with the people that had the hardest time getting a job. Of course, we found that it was harder to place them, and that meant defaulting on our contract. We almost went out of business. Now the first thing we think about is if we can place them.

Because of the highly selective intake process, providers had difficulty meeting their enrollment goals for youths. As of a June 28, 1984 report to the Board of Estimate, the end of the first 9-month funding period, only 41 percent of the youth programs had met or exceeded their enrollment goals for training programs. Little over half of those or 20 percent of all who provided data had reached their goals for terminations as of that date. The Bank Street College has been asked to provide technical assistance to DOE's youth training division to address some of the recruitment problems.

Another practice that has encouraged creaming was DOE's imposition of a required number of direct placements for each contractor (STPs). (See Chart D.) Direct placement clients, because they can receive no training, must be job-ready upon intake. This has lowered costs-per-placement and enabled CBOs to meet placement goals but it means that provider personnel time must be spent on these relatively low-risk clients. Providers also claim that processing STPs has disrupted counseling schedules and reduced resources originally targeted for counseling.

Although the legislation is indeed restrictive, there are numerous "windows of opportunity" which provide openings to develop

CHART D

Distribution of STPs Among CBOs *

Description:	Number:
1. Range of STPs to be served by a CBO during the life of contract	0-200
2. Average number of STPs	40
3. CBOs to serve more STPS than previously	81%
4. CBOs to serve fewer STPs than previously	3%
5. CBOs to serve the same number of STPs as previously	16%

* As reported by contractors in interviews for the 21 month period, October 1983 to June 1985.

multi-dimensional programming built upon the substantial evidence of what works. Unfortunately, DOE has not taken advantage of all of these:

- It has not instituted needs-based payments as a substitute for an across the board $30 per week payment;
- It has not used incentive money for employment programs targeted at the most at risk;
- It has not developed alternative youth competency goals for those who are unlikely to be placed upon completion of training;
- It has not expanded funds for remediation above the minimum requirement.

However when viewed in relation to programs operating in other SDAs across the country New York City participants, especially youths, are faring better in many ways.

To help shed further light on this issue of creaming participants, the next section will investigate in greater depth the availability of support services (usually considered essential for helping the most disadvantaged to become employable) and the treatment of females and special populations. The final sections of this report will look at the community-based organizations that delivered JTPA services and the management issues and problems they encountered.

III. SUPPORT SERVICES

1. Need for Support Services

One of the lessons learned from the CETA experience is that properly designed and well implemented employment training programs have the most long term benefit to the most severely distressed. The investment made in the hardest to serve often reaps benefits many times more valuable than they are costly.

Successful programs generally share the following elements:*

- training for good paying jobs in the primary labor market;
- training by competent instructors;
- discipline and performance standards which each participant must adhere to;
- close ties between the programs and the actual labor market or industry;
- supportive services, including literacy skill building to be provided during the program and for a period after job placement.

Of these, the last is especially important for the most disadvantaged youths to be able to take full advantage of the training program.

There can be no question that a sizeable minority of youth in New York City face severe barriers to employment. Their deficiencies in English language proficiency, basic literacy and computational skills, life skills and the incidences of emotional and physical handicaps exist in dramatic numbers. Many teen parents,

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* From Michael Bernick, The Dream of Jobs, Olympic Publishing Company: Salt Lake City, 1984.

substance abusers, adjudicated youth, school dropouts, youth at risk of dropping out, and public assistance recipients need substantial public intervention to assist them to become part of the mainstream. Yet all of their problems are not chronic nor do they render them incapacitated. Some simply prevent them from taking advantage of available services or opportunities. Yet CBOs, particularly those receiving only JTPA funds, have had to curtail many of the services which they have been providing that help these individuals adjust.

Of the 30 percent of JTPA funds that may be spent on non-training activities, 15 percent may be used for support services. (In addition, there is a special 8 percent set-aside of total state funding for the provision of educational services, discussed below.)

Section 204 of the Act states that the funds allocated under Title II-A may provide:

> "Supportive services necessary to enable individuals to participate in the program and to assist them in retaining the employment for not to exceed six months following completion of training."

The same section describes needs based payments:

> "...necessary to participation in accordance with a locally developed formula or procedure.."

The Biennial Community Job Training Plan documents the support services to be provided for the SDA in connection with JTPA. They are divided into both JTPA and non-JTPA funded services.

The JTPA funded services available to youth and adults under Title II-A are wages and allowances and day care services. Depending upon the type of training a participant will receive either a wage

or an allowance. Wages are set at $3.35 an hour or prevailing wage in some cases, and allowances are not to exceed $30 per week to cover transportation and lunch. Locally, no provisions were made for needs-based payments.

2. Coordination of Support Services

The primary form of JTPA funded supportive services aside from stipends, is that of the referral. Individuals needing non-JTPA funded supports are referred to appropriate public or voluntary agencies. Linkages between DOE and the Human Resources Administration (HRA) are designed to attend to individual needs for public assistance, food stamps, emergency housing, crisis-related counseling (e.g. substance abuse, mental health problems). Other linkages have been established to deal with legal and medical needs as well.

Local providers find making referrals an acceptable strategy when they cannot provide the service themselves. They have attempted to maximize the use of other programs, though they often unable to document how the referred participant has been aided. There have also been attempts to find other funds (public and private) to provide the additional services but such attempts have not been extremely successful.

Our analysis of the providers has determined that the level of supportive services that they can provide, paid for by JTPA or the referral mechanism, may be inadequate to serve the truly needy. JTPA's 15 percent restriction when coupled with the additional federal cuts in human services presents a substantial burden to the providers and their clients.

They cope in various ways. The Court Employment Program has managed to get clothing for clients when they don't have anything appropriate to wear for an interview. Grand Street Settlement (through the Lower East Side consortium) runs a course in work readiness making use of a series of mock interviews. Other CBOs, acting as sites for HRA and the Department of Mental Health, Alcoholism Services, and Retardation, have exerted considerable effort towards finding spots for JTPA clients in their programs. Still other contractors have attempted to form new linkages with other service providers, and have even joined together in attempting to bring additional services on-line.

Almost two-thirds of the youth providers have indicated that they have difficulty recruiting and retaining clients. All providers recruit a class and anticipate a number to dropout for various reasons, among them limited day-care and housing assistance, and inadequate transportation allowances. Two providers in the Bronx always expect to lose 15 percent of their enrollees through attrition. That attrition rate helps guide their decisions about who to enroll.

The providers deliver personal and vocational counseling and make referrals to other agencies or other programs within their own agency if they are multi-service providers. The multi-service agencies seem more equipped to handle the numerous needs of their clients. Some providers report however that the funds which they receive from the different municipal agencies cannot be comingled easily though the coordinated activities between these agencies is beginning to ease that problem.

Another concern that many contractors had was that the allowances that their clients receive are independent of individual needs. They argue that the $30 per week stipend that clients receive was supposed to be based on the cost of roundtrip fare to and from the training site, and money for lunch. This doesn't reflect the real cost. A number of providers are located in two-fare zones. Most find that <u>at least some</u> clients need additional carfare to get to the basic skills and remediation site, which is rarely kept in-house under JTPA. It should be noted that officials at DOE have expressed sympathy for this situation, but respond that they simply do not have the money for needs-based payments.

One of the major problems one has in trying to compile information about clients, under a referral system, is that it provides CBOs with an incomplete picture of their clients' needs and outcomes. Clients who have their supportive needs "farmed out" to other CBOs may form relationships with these referral agencies that put them in a better position to serve the needs of their clients.

The efficacy of the referral system too has been weakened by factors outside of the contractors' control. The referral network is only as strong as the end providers' ability to service the client. Prior to the start-up of JTPA, the lower end of the economy was suffering from the effects of massive economic instability; this instability served to overburden organizations that were already forced to curtail services due to lowered funding. JTPA's referral network was yet another feeder into this clogged system.

The greatest shortage was for "hard" services, such as housing, transportation, and, especially, day-care.

We have chosen day-care as a case in point illustrating the need for better coordination to meet the support service needs of JTPA participants.

3. Day Care

Adults and youths who need day care services are often referred to the New York City Agency for Child Development (ACD). The local plan documents DOE's intention to purchase between 750 and 1,000 slots from ACD at a cost of $1 million in an effort to make them available to JTPA participants. DOE's effort responds to the concern raised by many that the unemployment problems of young women often cannot be addressed without meeting their day-care needs.

All accounts of the initial nine months of the program indicate that handling of this issue was not very successful. DOE sent out an administrative letter to all providers about the availability of the day care slots. But that information spread slowly throughout the system. As providers explored these services, they encountered some very real administrative and service problems. Among them:

- the lack of spaces set aside in local child care agencies;
- long waiting lists; and
- confusing directives, mixed messages and mis-information from ACD regarding how referrals were to be made, what forms were required or needed to be completed.

The Center for Public Advocacy Research (CPAR), a local advocacy group has closely examined the impact of JTPA on young women and adolescent parents.* CPAR analysis has found that only 200 out of the 750 slots to be set aside were used in 1984. That amounts to slightly over 25 percent of the slots being utilized. Part of the of the explanation lies in the confusion and poor information flow that characterized the early days. A more controversial explanation suggests that the level of need for services among the JTPA eligible population that come for training is lower than what was expected. Either people come to the employment training system with their day-care needs already met, or those that need day-care don't come to the programs, not knowing that day-care services are available to participants.

The lack of day care services has been promoted as one of the most obvious shortcomings of the local JTPA. Because of the low level of use, it is impossible to determine the real need for the service and the extent to which it prevented some young mothers from participating. Some contractors feel that the need, though it is very high now, would be still higher if not for the public assistance recipients in the program. Public assistant recipients, according to this argument, are already pre-screened by HRA prior to their entering a DOE program, and might already be receiving day care if it was needed, or would at least have made initial contact with service providers.

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* Unpublished data.

The daycare dilemma of perceived needs versus actual needs, has been examined much more fully by the PIC's Women's Caucus and other groups in the city. Something easier to assess is the collaborative arrangement made between DOE and ACD. It was widely assumed that $1.0 million was to be transferred to ACD to pay for slots for JTPA participation during the first year. This would have replaced a loss of an equivalent amount in city tax levy money, as a result of budget cuts. That transfer of funds did not occur. Rather, ACD is expected to submit vouchers and be reimbursed for the costs of provided service to those clients. Given the low level of use, significant amounts of that money will not be drawn down. For FY 1984-85, DOE seems not to be under any mandate to spend a specific amount of child care services. DOE will determine what ACD's role in delivering child care services for JTPA participants will be.

4. Remedial Education

In recognition of the fact that many untrained people also have need for academic remediation, eight percent of the JTPA funds in each state are earmarked for the teaching of basic skills. New York State has allocated 78 percent of its funds to job training, but nothing prevents the state from using part of these funds to supplement the minimum eight percent set-aside for remedial education. The education component is particularly important for New York City, where most of the training programs are for clerical jobs which require high reading ability. DOE requires a reading level at least at the seventh grade level for entry into skills

training programs. In New York State, the State Education Department has the responsibility of administering the basic skills component. Since the state's Department of Labor controls the training funds and the state Education Department has control of the remedial funds, a close working relationship between the two agencies is needed.

The original design of this cooperation was that local education providers conduct basic skills programs and recruit their students from the trainees in the job training programs or recruit students who, when completing their remedial studies, would enter a JTPA job training program. This coordination between education and job training, while absolutely necessary, has never worked in practice as it was envisioned.

The local education providers and the Department of Employment had a great deal of difficulty coordinating administration and program services. The first year of operation was, in the words of CBOs, "a disaster." Of the 24 organizations with a history of teaching basic skills, seven established JTPA 8% Basic Skills Programs. Those interviewed to date had the following observations:

1. There was conflict between the state Education Department and the local Department of Employment (DOE) so that every policy question was debated endlessly between the two agencies and often there was either no resolution or contradictory decisions. For example, a question arose on whether foreigners had to register for the draft. This was debated endlessly. Another was whether a recipient of food stamps could be in the 8% Basic Skills Program.

2. There was no coordination for referrals of students between the job training programs and the educational programs. Finally, in search of students, educational providers recruited their own clients, which resulted in conflicts with DOE about their eligibility.

3. Payments were hopelessly behind. The program began in October and the first payment wasn't received until January or February. The payments continued to be late, and education providers have difficulties paying their staffs.

4. Their harshest criticisms were reserved for DOE's maze of paperwork. All educational providers must make certain that their students are certified, i.e., meet all the eligibility requirements, to be in the JTPA program. While the paperwork is burdensome, what exacerbates the problem is that students must be recertified as they move from one program component to another. It is not enough to once prove that the student has registered for the draft, has a certain income, social security number, birth certificate, etc., it has to be proven more than once. This is a nightmare particularly for small programs that have few administrative staff. For example, when the Training Assessment and Placement (TAP) Centers refer students to the education programs, they first discharge them from the TAP Centers. If an educational provider wishes to have a TAP client in its program, all the paperwork must be reprocessed. As one CBO representative said, "It make no sense. We are drowning in a sea of paperwork."

5. DOE requires that training programs operate in six-month cycles, so the educational providers also have to operate in six-month cycles. This is educationally difficult, particularly if programs work with youth who are nonliterate and must achieve an eighth grade reading level to qualify for job training programs.

The Basic Skills providers have valid complaints, but many of their problems can be traced, not to DOE, but to the lack of coordination between the two state agencies and the lateness in the entire proposal process that SED established. This lateness has been repeated for the current fiscal year. The request-for-proposal for July 1, 1984 to June 30, 1985 was issued in June 1984, delaying payments once again. The following Chart reflects planned and actual expenditures for the remedial programs.

CHART E

JTPA 8% REMEDIAL PROGRAMS
EXPENDITURES AND NUMBER SERVED

	FY '84 10/1/83 - 6/30/84 (in millions)	PY '84 7/1/84-6/30/85 (in millions)	PY'85 (Projected) 7/1/85-6/30/86 (in millions)
Total Funds Received	$2.114 m	$2.949 m	$2.949 m
• Basic Skills	1.793 m	2.449 m	2.449 m
• School to Work Transition	.321 m	.500 m	.500 m

	FY '84		PY'84		
	Planned	Actual	Planned	Actual	(through 4/18/85)
Total Participants Served	2,640	2,653	5,000	3,367	
• Basic Skills	2,460	2,498	4,800	3,144	
• School to Work Transition	180	155	200	223	

IV. SPECIAL POPULATIONS

Our analysis focussed on the young people enrolled in the JTPA system and the types of assistance they were receiving. Chart E and the following discussion describe what was found.

1. Females

Often, young minority men are seen as the major victims of youth unemployment. Nevertheless in NYC and other SDAs across the country, females proportionately represent the major group to be served.

Locally, female labor force participation rates and employment-to-population ratios are lower than those for males. The city population is slightly more female than male as indicated in the most recent Census. More than 62 percent of the 862,000 public assistance recipients are female. Fifty-seven percent of the economically disadvantaged population, those whose income is less than 70 percent of the Lower Level Standard Income level (LLSIL -- the main criteria for entry into JTPA programs), is female.

Information from the Bureau of Labor Statistics on New York City indicates that for the 16-24 age group the female population exceeds that of males by approximately 41,000. The percentage of employed males exceeds employed females by approximately 6 percentage points, while the female unemployment rate is lower than that of males by a similar amount. The female non-participation rate in the labor force is 12 percentage points higher than that of males.

Providers report that with respect to the recruitment and selection of enrollees, the quality of the participants is an important consideration, and they tend to prefer females. (See recruitment/enrollment ratios, Chart E.) Providers experienced in classroom training believe that: females often perform better in the classroom and office environments than do their male counterparts; their academic skills are better (often having stayed in school longer than males); they seem to respond better to classroom-based occupational training; and they are better able to delay gratification "and stay with the program, than males who tend to want quick cash;" and they present less of a discipline problem and are often more willing to accept entry level positions which pay relatively low wages.

As Chart F indicates, some youth programs reported female participation rates as high as 80 percent. The average for all those programs was around 67 percent. DOE reports that the actual service level of females in the youth programs for the nine month period was 51.1 percent and 57 percent overall. When queried, the service providers explained that these sex ratios reflected the type of training they were providing and the impact of the budget cuts they absorbed in the early days of JTPA's implementation.

More than 85 percent of the youth programs provide skills training in clerical areas, preparing enrollees for placement in secretarial, data entry, accounting, customer service, securities, computer operations, etc.. Given New York City's swing from manufacturing to the service industry (with tremendous growth seen in

CHART F
FEMALE PARTICIPATION IN YOUTH TRAINING PROGRAMS

Agency By Borough	Percent Female	Reading/Math Scores	Recruitment/ Enrollment Ratios	Type of Program
1. Manhattan	85%	7.0/7.0	1.95	Clerical-typist
2. Manhattan	57%	8.0/8.0	3.33	Word-processing
3. Manhattan	50%	8.0/8.0	1.50	Clerical
4. Manhattan	70%	GED	2.20	Word-processing/ data entry
5. Brooklyn	65%	8.0/8.0	2.34	Clerical
6. Manhattan	75%	7.0/7.0	4.00	Clerk-typist, data entry
7. Brooklyn	65%	7.0/7.0	1.42	Typing, data entry
8. Bronx	65%	7.0/7.0	4.00	Clerk-typist
9. Manhattan	-	6.0/6.0	4.00	Clerical, customer service
10. Queens	65%	8.0/8.0	-	Clerk-typist
11. Manhattan	25%	6.0/6.0	2.63	Office practice
12. Manhattan	42%	6.0/6.0	-	Culinary skills, clerical
13. Bronx	70%	7.0/7.0	4.38	Accounting, clerical
14. Manhattan	80%	8.0/8.0	6.34	Clerical/secretary, business skills
15. Manhattan	35%	7.0/8.0	-	1st Class FCC, Video/film
16. Queens	65%	7.0/8.0	3.00	Secretary, typing, word-processing, administrative, clerical
17. Manhattan	45%	2.0/2.0	1.70	Word-processing, clerical
18. Brooklyn	75%	6.0/7.0	1.27	Receptionist, typing accounting, OJT

CHART F (continued)

Agency By Borough	Percent Female	Reading/Math Scores	Recruitment/ Enrollment Ratios	Type of Program
19. Bronx	55%	7.0/6.0	3.57	Clerk-typist, book-keeping, OJT
20. Bronx	49%	6.0/6.0	9.38	Clerical, word-processing, auto mechanics
21. Brooklyn	65%	9.0/9.0	2.40	Data & Word-processing, clerical
22. Brooklyn	49%	8.0/7.0	7.97	Clerk-typist, accounting clerk, building maintenanc
23. Brooklyn	70%	5.0/5.0	1.57	Secretary, word-processing, custome service, computer programming
24. Brooklyn	80%	6.0/6.0	4.40	Clerk-typist, accounting
25. Brooklyn	70%	7.0/6.0	12.50	Typist, clerical practices
26. Brooklyn	60%	7.0/6.5	2.03	Clerical, typing
27. Manhattan	75%	7.0/7.0	4.00	Clerk-typist
28. Brooklyn	75%	7.0/6.0	6.21	Clerical skills
29. Queens	80%	7.0/7.0	3.03	Clerical
30. Brooklyn	75%	8.0/8.0	3.10	Clerical skills
31. Manhattan	73%	5.0/5.0	7.19	Clerical

business services) such training would seem to provide access to the expanding local job market, though the heavy preponderance is questionable.

Most of the entry level positions in those occupations still tend to be held by females. Although the starting wages are sometimes lower than those in some of the other occupational areas for which DOE training is provided (e.g., sheet metal, cable TV installers), they offer poor women a first step towards economic self-sufficiency.

Only 13 percent of the occupational courses offered are not clerical, computer operator or data entry related. The planned and actual occupational training areas include blue collar service occupations such as: cooking/food service, janitor/building maintenance, health occupations, and security/investigation. Among the production and crafts occupations are cable television installer, video/ film production, auto mechanic, welder, auto body repair, industrial arts, building construction trades, etc.

When queried about the scarcity of young men in the clerical programs, which account for most of the training, providers made some interesting comments. Only 30 percent of the CBOs indicated that OJT was an available option that they could use. They believed that young males are often more interested in a job than in skills training. Many of the young men had not developed sufficient reading and math abilities or career awareness and interest as to enable them to benefit fully from classroom-based occupational training.

Whether or not basic skill deficiency, lack of stipends, training offerings, etc., are among the reasons for the reluctance of young men to enter classroom-based skills training is the subject of endless debate. Nonetheless, such deficiencies and the need to piggy back training with income requires some diversified or multi-dimensional approaches to employment training, approaches that would integrate literacy components with an array of additional training (e.g. job search assistance, work experience, etc.), needs-based payments and supportive services.

Under CETA, work experience was the training mode which generally provided work and training opportunities to the most at-risk. The elimination of public service employment and the strict limitation on the use of work experience, critics contend, make it extremely difficult for local providers to focus attention on those "less likely to gain entrance to the labor market without publicly-subsidized assistance."

Some providers said that their initial proposals to DOE for JTPA funds included training programs in the clerical, service and craft areas. However, when the final NYC funding levels were settled in September 1983, they were almost 20 percent lower than DOE's already conservative estimates, so DOE and the providers altered training programs to fit the new budget figures. Some of these alterations resulted in changes in the length or number of program cycles, the numbers of participants, schedules for purchasing training equipment, supplies and materials.

The results of our interviews suggest that the blue collar occupational areas were disproportionately affected, not solely by

DOE prescription but based on provider calculations of who could be best served by what training mode and in what area, given limited funds. Decisions had to be made regarding how much exposure to equipment was necessary to make a client proficient enough to be placed at the pre-determined wage in an area that matched the training. For many, clerical occupations were seen as those occupational areas where more could be accomplished with less money without jeopardizing the ability to place.

This partially explains the proliferation of clerical training programs and the unexpectedly high ratio of female participation. While efforts have been undertaken to recruit participants into non-traditional occupations they have not been very successful. Providers, always with an eye towards placement, are very cautious about breaking sex stereotypes. Unless it is in their self-interest, neither employers nor providers seem particularly inclined to exert themselves in furthering non-traditional roles in employment.*

In the STPs, the blue collar occupational training programs and in the programs provided in DOE's Adult Training Division the expected levels of male enrollment were achieved. The digital technology and business computing courses also helped bolster male participation.

DOE's Request for Proposals allowed for a variety of training modes and occupational classifications. Nonetheless, through a combination of budget cuts; changes in client numbers; DOE adminis-

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* This affects not only sex stereotyping but labor segmentation based on race, physical disability, ethnicity, etc.

trative prerogative; and contractor preferences, many of the courses that might have been equally attractive for both males and females were eliminated or extremely pared down. Even the most cursory examination of youth programs showed high levels of polarization along lines of gender.

There appears to be a middle ground between the predominantly male and female make-up of programs in some of the computer and related courses. These courses offer both the lure of computer work for males (although computers appear to very attractive to both sexes) and the training settings in which females tend to excel. However, these types of programs generally require the most private sector involvement in their planning and curriculum development, and are also more costly in the initial stages. Such planning and budget concerns have lowered the number of such courses offered. It should be noted that even while computing courses attract males, a number of contractors have noted that males tend to leave programs that put them in direct competition with females. While some attribute this to male ego, none have suggested any possible solutions for the problem.

Interestingly, one factor that was expected to discourage male participation has turned out to have a negligible effect: the requirement that male enrollees be registered for the draft. Although some SDAs around the country will not process applicants without proof of Selective Service registration, New York City allows them to provide proof at a later time. There were very few negative terminations because of failure to meet this requirement.

2. Other Populations

As mentioned previously JTPA and DOE target populations who experience barriers to employment are the focus of extra attention. Among them are:

- mentally, physically and emotionally handicapped;
- substance abusers (alcohol and drug);
- teen parents;
- foster care youth; and
- the homeless.

DOE has entered into agreements with NYC Special Services for Children to link their clients (youth from foster care and group home facilities) to JTPA programs. Similarly, homeless youth served through NYC Human Resources Administration's Family and Adult Services will be linked to JTPA programs. HRA is also expected to continue to refer youth and adult welfare recipients. Each local JTPA service provider is expected to continue to develop linkages with those agencies as well.

During the first nine-month period the special populations had a better accept/reject (2:1) ratio* than some of the non-special populations. Providers report seeking more ex-substance abusers and ex-offenders than before, in response to contract goals. According to DOE, considerably more emphasis will be placed on serving the special populations, getting as many into JTPA programs

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* Ratio of individuals recruited to those accepted to enroll in the training programs, from analysis of CBO-provided data.

as possible. Still, providers are experiencing difficulty in recruiting and retaining these populations.

Their interest in serving the special populations often seems overshadowed by what is very often their first thought: can they be placed? Some providers openly acknowledge that they can't work with these groups. Most agencies are not accessible to the physically handicapped. Apart from that issue, a minority of those interviewed admit that their programs simply cannot provide the service that is necessary given the short training cycles and limited supportive services that they offer.

Three groups were often mentioned as particularly problemmatic: public assistance recipients, the homeless and foster care youth. Providers report that the public assistance recipients don't keep appointments and "program hop," because they are told by their caseworkers to get training even when they lack interest and motivation. Critics of the training system respond that it is not responsive to the needs of clients.

Providers also contend that the vocational counseling that they offer is inconsistent with the counseling provided by these agencies. Foster care clients, they say, are fearful of ouster from their group homes if they get a full-time, permanent job.

Among the more substantive difficulties that the JTPA providers report in dealing with foster care clients are:

- youth need longer than six months to be trained;
- they come with severe problems that JTPA staff are unable to address given the limits on support services;

- many JTPA providers have had problems establishing positive relationships with foster care and group home agencies;

- these clients have lower attendance rates which make it difficult for them to take advantage of the training.

V. ROLE OF THE COMMUNITY-BASED ORGANIZATIONS

Community-based organizations (CBOs) continue the crucial role they have played in the delivery of employment and training services in New York City. While other organizations, such as unions, municipal agencies, schools (including proprietary technical) have also provided these services, the CBOs have been the mainstay of the system.

While DOE has maintained its commitment to use the CBOs to provide these services, JTPA has changed the climate under which the local employment and training system operates. During Federal Fiscal Year 1980, 600 profit and non-profit project contractors administered CETA programs serving 122,000 participants.* Now there are fewer than 90 providers administering JTPA programs. No wholesale infusion of new providers has occurred here similar to what had been reported to have occurred in other SDAs by Grinker, Walker** or the National Youth Employment Coalition.*** Nevertheless among local CBOs, there is a feeling that their role in local decision-making mirrors the decline in CBO involvement that began nationally in 1981, the year that the Reagan Administration began two years of service cutbacks prior to the first year of JTPA.

In preparation for JTPA, DOE reorganized its entire contract portfolio, awarding 12 month contracts for no less than $250,000.

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* Mayor's Management Report, September 17, 1981.

** Op. cit.

*** June 1984 conference at the Ford Foundation.

The larger contracts were justified as a way of contending with the severe limitations on administrative. The awarding of contracts to local providers after the request for proposals process eliminated a number of providers with poor and marginal performance and some for other reasons. Those who were awarded contracts found themselves faced with substantial restrictions in administrative and client support costs, increased focus on direct placements, increased reporting requirements, changes in how clerical training programs would be structured (including standardized curriculum).

1. Characteristics

Who are the local CBOs that are delivering these services? Chart G identifies characteristics of those we interviewed. The median age of the agencies is 22.8 though they range from 5 to 75 years old. They tend to be more established, some of them affiliates of national organizations like the Boy Scouts of America, National Council of Negro Women, National Puerto Rican Forum. They have been delivering federally funded employment and training assistance for an average of 8 years. The average number of staff responsible for training youth declined from 20.14 in 1980 to 13.75 in 1983. As of 1984 that number increased to 13.88 under JTPA. During the same 1980-84 period the number of youth served increased by almost 21 percent.

Among the considerations that CBOs point to as factors in their getting a contract are agency size, age, diversity of services and funding sources and perceived political connections.

CHART G

CBOs Delivering JTPA Services

Agency (ID by Borough)	Age [1] (agency age)	Age[2] (Years in E & T)	Program	Placement Wage
1. Manhattan	14	8	Clerical-typist	$4.02
2. Manhattan	23	6	Word-processing	4.02
3. Manhattan	13	13	Clerical	4.02
4. Manhattan	10	9	Word-processing/ data entry	3.35
5. Brooklyn	21	4	Clerical	3.35
6. Manhattan	74	6	Clerk-typist, data entry	4.02
7. Brooklyn	37	15	Typing, data entry	3.35
8. Bronx	12	2	Clerk-typist	4.50
9. Manhattan	-	-	Clerical, customer service	-
10. Queens	12	12	Clerk-typist	3.35
11. Manhattan	17	5	Office practice	4.02
12. Manhattan	-	5	Culinary skills, clerical	4.02
13. Bronx	31	5	Accounting, clerical	4.02
14. Manhattan	15	11	Clerical/secretary, business skills	3.35
15. Manhattan	6	5	1st Class FCC, Video/film	3.35
16. Queens	20	6	Secretary, typing, word processing, administrative, clerical	4.02
17. Manhattan	8	7	Word processing, clerical	4.02
18. Bronx	50	3	Receptionist, typing, accounting, OJT	4.02

Chart G (continued):

Agency (ID by Borough)	Age [1] (agency age)	Age[2] (Years in E & T)	Program	Placement Wage
19. Bronx	10	8	Clerk-typist, bookkeeping, OJT	$4.02
20. Bronx	10	4	Clerical, word-processing, auto mechanics	3.85
21. Brooklyn	-	6	Data & word-processing, clerical	3.35
22. Brooklyn	17	6	Clerk-typist, accounting clerk, building maintenance	4.02
23. Brooklyn	5	4	Secretary, word-processing, customer service, computer programming	4.00
24. Brooklyn	0	6	Clerk-typist, accounting	4.02
25. Brooklyn	12	5	Typist, clerical practices	4.02
26. Brooklyn	8	1	Clerical, typing	4.00
27. Manhattan	45	6	Clerk-typist	4.02
28. Brooklyn	15	11	Clerical skills	4.02
29. Queens	14	7	Clerical	4.02
30. Brooklyn	9	5	Clerical skills	4.02
31. Manhattan	68	3	Clerical	4.02

Results from an analysis of New York City respondents to the national Youth Employment Coalition* indicate that the older more established agencies are faring better than those that sprang up during the War on Poverty. These results bolster the argument that the unaffiliated smaller agencies, particularly those which receive only JTPA funds (a sizable number of the youth providers) will fall by the wayside as they have in other communities, as employment training funds are further cut.

2. Funding

The restriction in work experience as an allowable activity and the elimination of Public Service Employment in 1981 have had a measurable affect on local CBOs. Besides providing the ability to serve clients who were hard to place, PSE programs were also a way for the CBOs to augment their own staffs and their services to other clients. The CBOs provided their CETA participants with work and supportive services while also helping themselves to identify and train a new cadre of professionals in human service.

Even before the demise of CETA, CBOs in New York City began to emphasize training and to reach out to special populations such as the handicapped. These changes forced some CBOs into specific occupational training, an area in which they had little experience.

Fewer than five of the more than sixty agencies that we interviewed have found sufficient outside resources to enable them

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* "Survey of the Impact of the Job Training Partnership Act on Community-Based Organizations Providing Employment and Training Services to Youth, 1984."

to continue providing training services free from JTPA's restrictions. One agency, Jobs for Youth, Inc., has been able to attract some money allowing it to continue (though as a smaller agency) "its commitment to the most hard to serve."* Yet despite its success in attracting outside funds, neither JFY nor employment providers generally have been able to overcome one major obstacle to fund raising: they serve or represent a population which does not command the long-term attention and interest of corporate and philanthropic donors or the general public. The unemployed as a constituency do not strike the same chord as the elderly, the young, or the handicapped.

Lacking that constituency or diversified funding, the youth providers rely almost entirely on DOE funds. Any additional dollars come largely from other municipal agencies such as the Youth Board, Special Services for Children, Community Development Agency, and Juvenile Justice. The most fortunate CBOs receive additional support from their umbrella agencies. The cuts in employment and training dollars have accompanied cuts in other social service expenditures and reductions in overall budgets** and produced difficult times for them. The losses have forced some CBOs out of business; or, in some cases, to reduce staff, curtail services and possibly serve fewer youth. Some CBOs have slightly

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* JFY staff report that JFY clients are graduates of, referrals from or people simply turned away from DOE contractors.

** Budget increases which have not kept pace with inflation.

larger contracts now than during CETA's last days, in part because there are fewer providers in the system.

The increased funds have not eliminated the cash flow problems that the CBOs continually face. Fifty-six percent of the agencies identified cash flow and other financial problems as impacting service delivery. Youth serving agencies have not been able to use JTPA funds to leverage significant amounts of private dollars. A number of unaffiliated agencies report that working with local economic development organizations, they have been able to utilize economic development funds to supplement some of the services they provide with JTPA funds. All CBOs described the difficulites they have encountered when attempting to purchase equipment and participant supplies which might make their training programs more relevant to business needs and practices. In the clerical area, word processor purchases were a problem. At one CBO, 66 participants shared 5 word processors. Similar problems were encountered by providers in Home Repair, Building Maintenance, Welding or Tele-communication training programs.

As part of the change from CETA, DOE introduced stricter contract monitoring, and "new streamlined monitoring instruments," which have improved program operation and efficiency. The stricter reporting requirements accompanied the larger contracts and an 8 percent ceiling on administration. CBOs placed more staff emphasis on training activities, had fewer staff and less time available for administrative activities.

3. CBO Representation

Proportionately, CBOs' representation in DOE's youth portfolio has not really changed since 1981-82. CBOs remain approximately 73 percent of the youth providers. In absolute terms however the number of CBOs has fallen 53 percent since then. That loss seems to have brought with it a dimunition in their participation and/or representation in the decision-making process.

Fewer than ten percent of the agencies indicated that a staff or board member sat on the Private Industry Council or the State Job Training Coordinating Council. Approximately one out of four members of the PIC are CBO representatives. JTPA requires that most of the members of the PIC and one third of the SJTCC be from the private sector, some of whom are new to the field of employment and training. All of the local youth serving CBOs have welcomed the increased involvement of the private sector. Still they express concern that the local system seems to be moving away from one emphasizing the needs of the disadvantaged to one concerned primarily with the needs of the private sector.

The CBOs, along with SJTCC and local PIC members, question whether CBO interests are being articulated or otherwise represented on each of these councils. While their involvement as part of the CETA Prime Sponsor body was no more significant, the era of greater funding and what observers have identified as a more forceful Project Directors Coalition* afforded them greater opportunities to have input (if not influence) into how the system would operate.

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* A body made up of directors of DOE-funded youth projects.

To bolster their case that CBO involvement in the decision-making process has declined, providers say they have had difficulties on the following issues:

- being involved or consulted in the drafting of the SDA plan;
- obtaining information about JTPA or DOE's interpretation of regulations such as the exemplary youth activities (13 percent said getting information now was more difficult than under CETA);
- DOE/JTPA coordination with services (daycare, remediation) or clients of other municipal agencies (public assistance recipients, foster youth);'
- choosing participants for service while abiding by the Planned Participant Service Level;
- seeking redress on the "new hire" vs. incumbent salary dilemma (when DOE allowed increased salaries under new JTPA contracts, OMB ruled that the new salary levels could apply only to newly hired staff);
- running effective programs with 8% limits on administrative spending;
- attracting and keeping participants without stipends or work experience;
- cash flow; and
- seeking guidance on how to make the budget cuts that were required when the actual allocations became known.

The need to obtain information, assistance or guidance in the above areas and/or redress for DOE administrative decisions has forced them to rely on personal relationships and rarely results in any accompanying DOE policy change.

VI. MANAGEMENT ISSUES

1. Delayed Program Start-Ups

JTPA programs were expected to begin on October 1, 1983. Though both the federal and state Labor Departments had provided an earlier estimate of the NYC appropriation, the actual appropriation was not settled until the joint allocation conference concluded in late September. This left less than one month for the contract negotiation process to conclude and for programs to start-up on schedule.

The first few months of JTPA were characterized by late start-ups and delayed budget cuts. Some programs were operational in October though DOE reports that no participant training activity was planned for that time. It took from October until January before DOE's entire youth portfolio was fully operational. Support from the City Council President and DOE helped to secure short-term contracts from the Board of Estimate, foundation and other financial support to enable programs to become operational until as their negotiations were completed.

The New York City Office of Management and Budget reports that the basic reason for contract budget cuts (ranging from 11-19 percent) after the programs had begun was the complicated unemployment based allocation formula. This contributed to a perception among providers that local plans and regulations were being developed as the program moved along, culminating in system-wide difficulty in gearing up to serve the first group of clients.

One large Hispanic agency reported that during the program's first few months, the training program was funded from the umbrella agency's general support dollars. No JTPA dollars were received until after January. All of the budget cuts were absorbed by the umbrella agency.

DOE has provided the following timetable of youth program activity during the first nine months:

- October 1983 - No planned participant training activity
- November 1983 - 26-70% Started activity
  - 11-30% To start training in October
- December 1983 - 32-86% Started/continued training activity
  - 5-14% Revised DOP to start training in January 1984
- January 1984 - 37-100% All contractors fully operational

Interviews with the CBOs were conducted during the same period. In many instances we found situations where:

- staff had not been hired;
- existing staff were not being paid;
- the delivery of equipment and materials was delayed;
- utility and rent bills were not paid;
- clients, if recruited, were not fully enrolled; and
- low staff morale.

Providers complained that while attempting to negotiate the start-up phase and contend with the problems mentioned above, they

would be held to the existing performance standards at the end of the training cycle. Delays encountered in purchasing equipment and supplies disrupted training schedules making it difficult to follow the training curricula and schedules established at the outset.

Building maintenance programs were started and operated without enough equipment and materials to provide the "hands on time and experience" that was intended. Some clerical programs initially operated without typewriters, leading some programs to teach the "theory of typewriting" rather than the course which was intended. Similarly a controversy surfaced around the need for word processors in the clerical training programs. As the programs became fully operational many of these problems were eliminated.

2. Limitations on Administrative Overhead

The 70 percent training fund requirement places severe restrictions on the amount of money available for administrative expenditures. Only 15 percent of the total revenue can be spent on administration with an additional 15 percent cap on supportive services.

Futhermore, local providers do not have the full 15 percent to work with. By the time the JTPA dollars have passed through the various levels, USDOL to the states, SDAs and finally to the providers, the amount of money available for administration is generally much smaller. In New York City, providers with line-item budgets found their administrative expenditures limited to 8 percent of the total budget.

At the urging of DOE, a significant amount of our attention was focussed on the impact of the 8 percent limitation during our assessment of JTPA. Sixty-one percent of the CBOs surveyed identified the limits on administrative monies as a problem which was handicapping their ability to serve clients. The local experience was consistent with the experience of providers across the country operating in SDAs which had imposed similar administrative ceilings. Many of the respondents of a National Youth Employment Coalition survey operating in SDAs with limits as low as 5 percent but averaging between 6 and 8 percent identified these limitations as among the most critical problems that they were facing.

Our analysis indicated that even the 12 percent limit under CETA did not cover the costs of managing programs. Now, employment and training providers had to to do more or at least the same with less. Local providers were now administering programs which, after two years of severe retrenchment, were growing in terms of budget, staff size, client numbers and reporting requirements.

Our conversations with local providers and local, state and national SDA officials indicated that providers generally need to allocate at a minimum between 15 and 20 percent of their budget for administration. Few agencies public or private can handle the daily exigencies of program operation, particularly when the program is serving a disadvantaged population by devoting less than that amount to the more than 50 direct and indirect administrative functions. Among the functions each agency administering a DOE contract is responsible for are: completing reporting forms,

supervising staff, establishing and coordinating local employer, advisory councils, renting facilities or equipment, installing fiscal administrative systems, etc. The providers could not even cover the salaries of competent bookkeepers and secretaries under the 8 percent limitations. Nevertheless providers submitted Project Operating Plans (POPs) which indicated that they could abide by the 8 percent ceiling.

As a result of this unrealistic commitment, in the subsequent accounting, the categories of training and administration tended to become blurred. Our research has found that efforts to insure that the proper number of dollars went to training often went awry, and resulted in an inefficient use of time and money. And while the 8 percent ceiling complicated the operation of the programs, providers still had to abide by the performance standards.

Ways in which some of these management issues can be addressed may be uncovered in examining DOE's experience with performance-based contracting.

3. Performance-Based Contracts

Performance-Based contracting, while new to employment and training, is a long accepted method of contracting. It represents a major shift away from cost-reimbursement which DOE providers have grown accustomed to.

Under cost-reimbursement, payments were based on allowable costs incurred as documented by the provider. These costs were allocated among a variety of cost categories, among them administration, training, work site supervision (when applicable), services

and participant benefits. DOE's use of performance-based contracting coincides with unit-priced contracting in which program costs are classified in the training category, thus avoiding the 70/30 split requirement. Line item budgeting enabled a great deal of emphasis to be placed on cost control and audit capacity. Sadly, the ability to provide monitoring capability for program performance did not follow.

Under performance-based contracting greater emphasis is placed on successful performance because of the payment schedules. Payments are made based on the number of training units completed, as illustrated in the following examples:

PERFORMANCE BASED CONTRACTS
Payment Schedules

Example #1: Manhattan CBO

Units	Dollar Value	Percentage of Contract
Enrollment 100%	$2,077.00	66%
Placement 60%	392.00	12%
Above Minimum Wage 60%	78.60	3%
Training Related 60%	550.00	18%
Other Positive Terminations 10%	42.40	1%
	$3,140.00	100%

Example #2: Queens CBO

Units	Dollar Value	Percentage of Contract
Enrollment 100%	$2,132.00	66%
Placement 60%	408.00	12%
Above Minimum Wage 60%	83.00	3%
Training Related 60%	573.00	18%
Other Positive Terminations 10%	41.40	1%
	$3,237.00	100%

Full payment is received when clients complete training and are placed in training-related jobs at the pre-determined wage.

The ability to charge most costs to training is an extremely important one and can enhance a provider's ability to serve the more at-risk. The USDOL has indicated that needs-based payments or other cash assistance to participants can be included as part of the 'single unit charge' defined in the regulations. Thus as long as the contract meets all of the requirements spelled out in the regulations, a contractor can provide a greater range of supportive services than is possible under the more restrictive line-item budget as long as the measures of performance are met. A contractor is therefore able to devote greater attention to the quality of the service and the manner in which it is delivered.

Approximately five local youth service providers had performance-based contracts during the first months of JTPA. The providers were pleased with the flexibility that they provided and did not suffer excessive difficulty even though these contracts were let on an experimental basis. It is anticipated that no less than fifty percent of the contracts to be let for the next fiscal year will be performance-based. Provisions will be made for providers who are unable to assume the program start-up costs prior to receiving payments for the enrollments. In other instances a provider may fear failing to reach its performance goals, through no fault of its own, and therefore be unable to recover its costs. These and other problems may restrict such agencies from using performance-based contracting.

Performance-based contracting is not a panacea for the management problems which plague these programs. In fact the use of performance-based contracting carries with it services issues which need to be explored. Unless well designed and with financial incentives which encourage and reward service to the most needy, performance-based contracting presents even greater incentives to cream as evidence from the National Youth Employment Coalition suggests.

According to that survey, unit-priced contracts may encourage more creaming than did line-item budgeting. Where an agency might have provided remedial education and extensive pre-vocational training to a client population not ready for specific skill training, it now faces a different situation. The training taking place under a unit-priced contract must be occupationally specific in accordance with USDOL regulations. Placements are the legitimate outcome. A CBO might be encouraged to enroll older clients more motivationally and academically prepared for occupationally specific training. This encouragement may be bolstered by the threat of cash flow problems. Where successful job placements are the factor which determines the payments to the agency, there will be pressure to select the most job ready.

DOE has acknowledged this dilemma by considering penalties to providers for enrolling participants who, prior to training, almost meet the exit criteria. This would require a method of verifying pre-program competencies.

Unit-priced contracts are an excellent management tool. They are also a mechanism through which services to the most at risk could be promoted and rewarded. In the worst case they are additional incentives to cream or they simply alter the way a CBO is paid.

Providers continue to have difficulty recruiting, retaining and placing clients. Performance-based contracting will not address the causes of those problems which seem to stem from systemic problems plaguing the system such as:

- the need for staff development, managerial training and other staff training activities for provider agencies;
- fluctuations in funding, cash flow;
- CBO inability to utilize innovative training methodologies like computer assisted instruction (CAI) or plan for capital expenditures effectively.

VII. CONCLUSION AND RECOMMENDATIONS

JTPA has brought with it substantial changes in the employment and training system. It has also brought a great deal of controversy which focuses on who is being served, how and with what effect. It has eliminated program activities like public service employment and the emphasis on supported work and training allowances that under CETA were allowable and commonplace. It focuses on training activities, encourages greater involvement of the private sector in planning and administrative oversight, puts more control in the hands of state government and promotes linkages and coordination among employment and training and social service, economic development and educational agencies on the state and local level. The JTPA system far fewer dollars to spend.

Service Delivery Areas (SDAs) all over the country are responsible for fashioning local employment and training systems guided by those changes and responsive to the needs of employers and clients. Yet, for various reasons, some have not mounted systems that are responsive to the special needs of young people despite JTPA's 40 percent set aside for youth and other special provisions. Unlike those SDAs, NYC has expended significant dollars and considerable effort particularly to separate program activities for youth and services to youth in general.

Despite those expenditures and the historically demonstrated capacity of local CBOs to be responsive to the employment needs of young people, NYC's program has not been immune from criticism.

For all of JPTAs "windows of opportunity," it is restrictive legislation that fosters creaming through its emphasis on short term, low cost services. In fact, the New York City Department of Employment has not taken advantage of most of these opportunities that would allow contractors to serve a more disadvantaged population, and, as a result, they often fail to serve them.

To enter into a DOE skills training program an individual must read and/or compute generally between the 7th and the 9th grade depending upon the training program and with only a few exceptions. Eighth grade reading and math is generally the accepted threshold at which individuals are believed to be able to take advantage of classroom-based occupational training. In that respect the DOE range is appropriate. While that standard is not that different from the entry criteria under CETA, there are thousands of young people that lack those basic skills and may be denied access to these services.

The linkage to remedial education programs provides an opportunity for some of those youth to still participate in JTPA programs. Additional funds would be needed to close the gap between those needing the services of these programs to enable them to benefit from the training and the number of slots available. Additional strategies should be explored as the coordinated efforts between the employment and training community and the educational community develop further.

The training funds could be used to supplement the 8 percent funds now devoted to remediation. However, this would reduce the

funding for the skills training programs. State and local funds are other possible sources of funds that could be coordinated to support remedial programs and still allow JTPA to focus the bulk of its monies on training activities.

The supportive service needs of clients and the cost limitations on non-training activities is another point of controversy. Analysis of local providers indicate weaknesses in counseling areas. The cost limitations inhibit provider abilities to hire and retain the qualified staff necessary to assist a population that requires significant intervention.

Counseling is only one aspect of support service activities. Transportation, housing and day care assistance are other services that, if provided, might have increased the costs per enrollment and/or placement, but would have made the system responsive to the special needs of some of the participants. Some capacity for needs-based payments should be instituted particularly for those participants caught in the situation of being untrainable, homeless and unemployed.

An equally important consideration for JTPA officials is an examination of the actual day care needs within the JTPA eligible population. The 25 percent usage rate of day-care slots by JTPA participants is blamed on administrative problems on the one hand and on the other is taken as an accurate reflection of need. A more accurate picture of the need could free up the funds for other more essential social services, should that be determined.

The examination of JTPA has shown clearly that there remains a need for government to maintain a role as "employer of last resort." There is a need, because of counter-cyclical issues, structural issues or reasons of income maintenance, for publicly-funded employment and training systems to address the needs of those who are unprepared or unable to participate in skills training programs.

Local JTPA training must also be viewed as an integral part of New York City's economic development activities. Job creation and job retention activities must be undertaken with an eye towards how local city residents, and JTPA participants specifically, could be prepared for and channeled towards the fruits of these activities. It may be time to seriously explore mandates that recipients of economic development funds be responsible for hiring and training of JTPA eligible individuals.

Despite the cost and difficulty, on-the-job training and work experience are the most effective training activities for some segments of the at-risk population who are not interested in or cannot benefit from classroom settings. It is used to some extent by the youth providers. Exploration of additional incentives to employers and investigating tying OJT to economic development activities could increase the number of OJT opportunities to youth.

Despite many of its pitfalls local JTPA has been an effective mechanism for training and placing some young people. However, it has served an older, better educated population, and has had to turn away uncounted others. As an answer to persistent youth joblessness, JTPA is far from adequate.

APPENDIX A

Survey Methodology

Approximately 60 DOE funded agencies were contacted during the study period. Thirty-one youth agencies were interviewed at least three times. Each interview followed a structured format and was followed up with phone calls and additional personal visits. The agencies in the adult training division were interviewed twice with no formal interview occuring during the late spring 1984 as was conducted with the youth providers. Five agencies no longer receiving DOE funds were interviewed as well.

The first interview covered the 8 percent administrative ceiling and its impact on service delivery. Subsequent interviews utilized a structured format drawn in part from the Children's Defense Fund's "JTPA Monitoring Guide" and the National Youth Employment Coalition's "Survey of the Impact of the Job Training Partnership Act on Community-Based Organizations Providing Employment and Training Services to Youth." Additional data was drawn from a special computer run of New York City respondents to the NYEC survey as well as INTERFACE's attendance at the Youth Project Directors' Coalition meetings during the entire study period.

In an effort to support or refute claims made by the provider agencies a series of meetings between INTERFACE staff and DOE Commissioners for Training, Management and Planning and their respective staff. Members of DOE staff were also present during Project Director meetings and their comments and participation were also an essential part of the data collection.

DOE, PIC and NYSDOL staff and PIC council members also provided INTERFACE with copies of Participant Status Reports and other demographic and statistical data during the fall, spring and summer of the first year. These helped paint a picture of how the system was performing. Those same individuals provided copies of state and local plans which helped form the study's context.

Interviews were also conducted during the fall and spring with ten PIC and State council members; these followed structured and unstructured formats. Similarly, local educational agency administrators responsible for remediation program and staff from the Office of Management and Budget were consulted at various times throughout the study. By the end of the study period the interview sample consisted of approximately 100 individuals.